

## Data Sheet

<b>USAID Mission:</b>	Ecuador
<b>Program Title:</b>	Alternative Development Program
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	518-XX2
<b>Status:</b>	New in FY 2007
<b>Planned FY 2006 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$8,400,000 ACI
<b>Year of Initial Obligation:</b>	2007
<b>Estimated Year of Final Obligation:</b>	2012

**Summary:** Poverty, historic neglect, limited government presence and being situated between two of the world's leading coca/cocaine producing countries, make Ecuador particularly vulnerable to the multiple risks and impacts of a growing coca/cocaine economy. Threats to Ecuador, particularly its border areas, include: increased trafficking in precursors and narcotics and coca cultivation; increased paramilitary-guerilla violence and narcotics related crime; enlarged flows of refugees and displaced persons; money laundering and increased problems of trafficking in persons. These threats jeopardize democratic stability, and are anathema to U.S. government interests. Structural factors that keep Ecuador's underdeveloped fragile democratic institutions, weak state presence, and the government's inability to enforce laws and protect rights, especially in the far reaches of national territory exacerbate these threats. An economy characterized by low productivity, weak competitiveness and high unemployment resulting in at least two-thirds of the population living in poverty make the challenges even greater. Building on successful results of the Northern Border Strategy, 2001-2006, local government service delivery, outreach and management will be strengthened, aiming to increase citizen satisfaction and stability through good governance, increased/improved social infrastructure, and local economic development. The effectiveness of this approach has been demonstrated through surveys that confirm significant increases in citizen satisfaction and trust in local governments (a key indicator of a stable democracy). Increases of satisfaction and trust of 20 percent or more were achieved in five northern border municipalities. USAID's preventive alternative development program, focused on the northern border region, will combine democratic local governance and local economic development. The program will aim to strengthen state presence and community structures by developing and enhancing a more legitimate social, economic and political environment in the region.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

There are no activities planned.

#### FY 2007 Program:

Develop and Expand Alternative Development (\$8,400,000 ACI). USAID will support local government service delivery, such as water and sanitation. Outreach and management will be strengthened to increase citizen satisfaction and stability through good governance, increased/improved social infrastructure, and economic development. These efforts will be concentrated in the six Northern Border (NB) provinces. Support for local governance strengthening will be directed to local governments (municipalities and village councils) where political commitment is evident, and sustainability can be attained. This will be a priority in approximately 25 NB local governments where initial successes using these criteria have been achieved. The program will target traditionally marginalized sectors of the population (indigenous, Afro-Ecuadorian, women, disabled, refugees and victims of trafficking), supporting their local

organizations to ensure their role in decision making and benefit sharing. Outputs include increased citizen trust and effective participation in the governance process. Principal implementers: To be determined through a competitive process.

USAID will fund local economic development activities that build upon the results achieved through 2006 from USAID's support to key agricultural clusters in the NB region, mainly cacao, coffee, broccoli and avocado. USAID will enhance licit business opportunities and employment by improving the local business climate and competitiveness, market linkages and trade opportunities. These opportunities will be greatly improved by the anticipated approval and implementation of a Free Trade Agreement (FTA) with the United States. The FTA offers Ecuadorian businesses an opportunity to expand access of local products already entering the US market and to develop niche markets for new products. Technical assistance and training will be provided with an emphasis on strengthening the competitive positioning of businesses, securing profitable market shares for sustainable products, developing entrepreneurial skills, and strengthening business management. Just as models of successful results in local governance will be developed, the aim here is to produce sustainable models of local economic growth with equity. Principal implementers: To be determined through a competitive process.

**Performance and Results:** By program completion, at least 25 local governments in the NB provinces will have achieved one or more of the following results: institutionalized citizen participation and oversight procedures; assumed decentralized functions; promoted viable licit employment alternatives to the drug economy; improved basic social infrastructure; addressed Trafficking in Persons' issues and best practices that can be replicated in Ecuador.

## US Financing in Thousands of Dollars

Ecuador

518-XX2 Alternative Development Program	<b>ACI</b>
<b>Through September 30, 2004</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Fiscal Year 2005</b>	
Obligations	0
Expenditures	0
<b>Through September 30, 2005</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	0
<b>Total Planned Fiscal Year 2006</b>	
Obligations	0
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	8,400
Future Obligations	8,400
Est. Total Cost	16,800